SALES & MARKETING MANAGEMENT

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FEBRUARY 1991
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FOUR DOLLARS

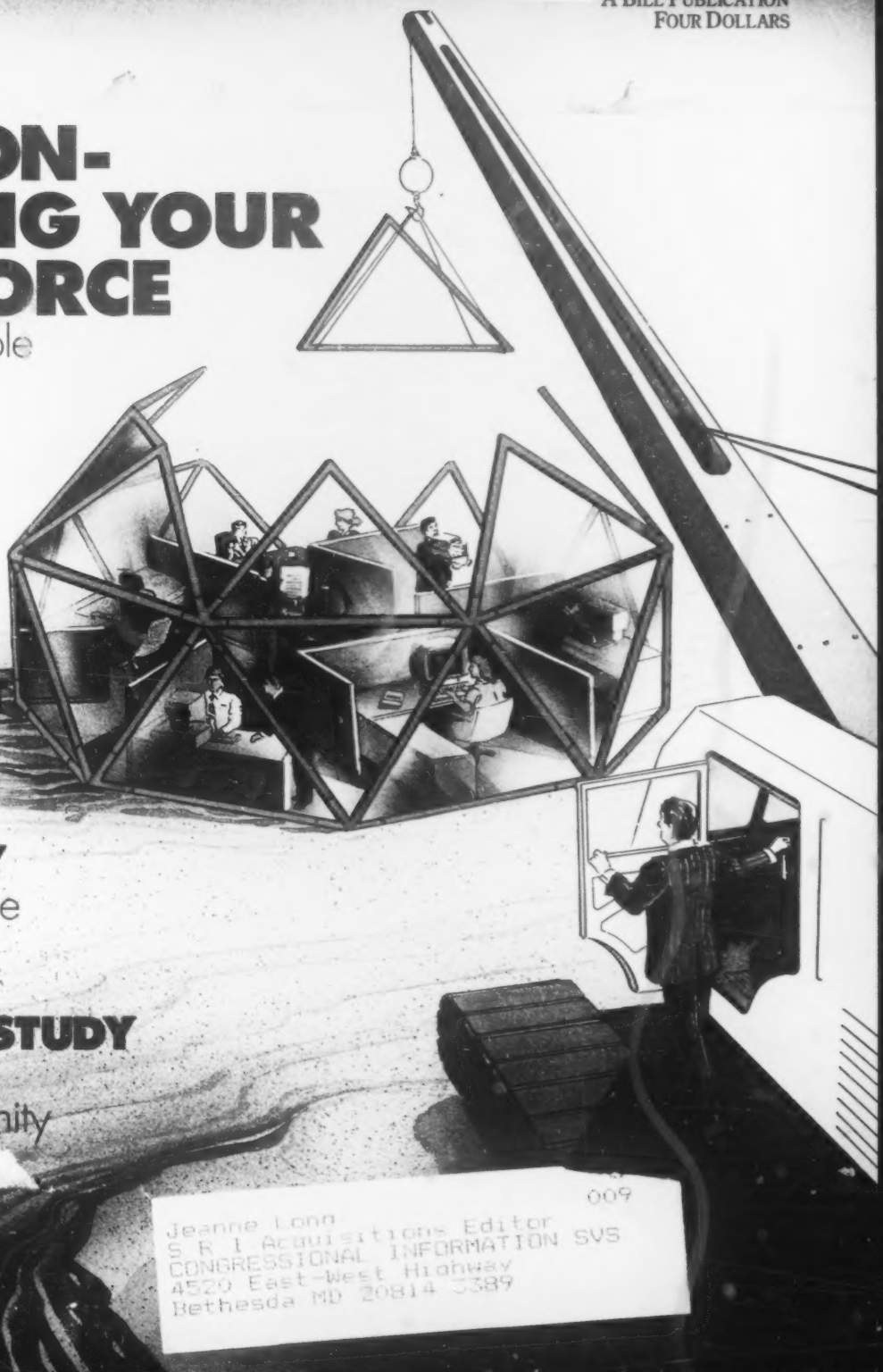
RECESSION-PROOFING YOUR SALES FORCE
Protecting Your People And Programs

COMPUTERS
The Incredible Shrinking PC

SALES FORCE MANAGEMENT
Building a Better Image

PRODUCTIVITY
Getting Face-to-Face With Customers

KEY MARKET STUDY
The Senior Market: A Golden Opportunity



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FEBRUARY 1991
A BILL PUBLICATION
ESTABLISHED 1918

SALES & MARKETING MANAGEMENT

COVER ILLUSTRATION BY ANDREA BARUFFI

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SINGLE REPRINTS: 313-761-4700
MULTIPLE REPRINTS: 201-423-3600
PERMISSIONS; ARTICLE SEARCH: 212-984-2400
BACK ISSUES: 212-973-4911

VOL. 143, NO. 2 *Sales & Marketing Management* ISSN 0163-7517 is published monthly except in June, August, and October, when it is published twice a month, by Bill Communications Inc., 633 Third Avenue, New York, NY 10017. Telephone: 212-986-4800. Copyright 1991 by Bill Communications, Inc. All rights reserved. Subscriptions in the U.S. and its possessions, $48. Canada, $62 (U.S.). Foreign, $77 (U.S.). Allow 4 to 6 weeks for first issue to arrive. Second Class Postage paid at New York, NY, and at additional offices. Postmaster: Send address corrections to *Sales & Marketing Management*, Subscription Service Department, P.O. Box 1025, South Eastern PA 19398-9975. Member of the Business Publications Audit of Circulations and member of the Association of Business Publishers.

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U.S.A. Newsstand Distribution by Eastern News Distributors, Inc., 1130 Cleveland Road, Sandusky, OH 44870.

ABP BPA

THE RACE

CUTBACKS OR CUSTOMERS?

In times like these, having your marketing act together counts for a lot. In fact, it might even be said that the sales and marketing functions actually become *more* important in an atmosphere of cutbacks, layoffs, and general belt-tightening—an argument that's no doubt being prepared and practiced behind the closed doors of many a manager's office of late.

Obvious biases (and instincts of self-preservation) aside, there *is* a good measure of logic in such an argument, since history and experience tell us that survival ultimately depends not on how much cutting and squeezing you do but on how well you're prepared to deal with the realities of an increasingly volatile marketplace. Basically, what it all boils down to is this: Recessions may come and go, but sales and marketing go on forever—or at least as long as there's a living, breathing customer out there with a need for your particular product or service.

On the other hand, it would be shortsighted (and quite possibly fatal) to ignore the inevitable swing of the corporate budget ax, and in situations like this it's only right that those in sales and marketing be prepared to do their part to get leaner and meaner in the face of ensuing economic emergency. Still, it bears mentioning that there are other things to hack away at besides the obvious areas like T&E, bonuses, commissions, or administrative expenses—which tend to be the first things to come under scrutiny whenever the word is handed down from on high to do a little selective budgetary surgery.

In this month's cover story, senior editor Bill Kelley explores some of the alternatives available to those managers who've been casting an increasingly anxious eye toward the bottom line. He also takes a look at some of the things you can do to prepare yourself (and your sales force) should things take a turn for the worse, economically.

Regular readers of this publication may recognize Kelley's byline from previous issues, and his reappearance in these pages after roughly a year and a half marks the return to the S&MM editorial fold of not only one of the most insightful and eminently readable authors in the realm of sales and marketing, but also a heck of a nice guy to boot.

Personally, I'd like to think that Bill—who awhile back left S&MM to ply his considerable craft at *Food & Beverage Marketing* magazine, lured away from these hallowed halls by F&BM editor in chief Al Urbanski (also an S&MM vet)—has finally seen the error of his ways. Whether or not *he* actually sees it that way is another question, of course, but regardless of how who views what, it's safe to say that *our* marketing capability has been greatly enhanced by this particular move. Which only goes to show that sometimes the most cost-effective recession-proofing strategy is one that involves spending rather than saving; one that places the value on customers rather than cutbacks.

Richard P. Kern
Editor

you're Oahu- or Maui-bound—considering that it, too, offers 1,000 minimum miles per segment.

GOING EUROPEAN

Continental has what amounts to a two-tier European free travel program. Its fliers can earn coach travel to Europe for two at 55,000 miles. But, similar to its restrictions on awards to Hawaii, travel is allowed only between October and March—and you can't travel on holidays. If you're willing to cash in a hefty 80,000 miles for your trip, however, those same restrictions loosen up considerably.

On Northwest or TWA, 60,000 miles earns travel to Europe and with fewer blackout periods than Continental. At all three airlines, free European flights are capacity-controlled, so you must book early, particularly for summer travel.

When you compare the 60,000 miles required on Northwest or TWA to the 80,000 mile requirement at both United and American, it doesn't seem like much of a difference—only a fairly easily earned additional 20,000 miles. Yet, since Northwest and TWA fliers earn 750 minimum miles per domestic segment as opposed to 500 on United or American, it might take twice as many flights to earn the the same number of miles with United or American if you typically fly minimum-mileage segments.

As for American, its complete list of options for coach travel for two to Europe is very confusing. They offer options with varying restrictions at four different mileage levels: 80,000, 120,000, 160,000, and 240,000 miles. This is more "flexibility" than I can easily comprehend, even for a free trip to Europe.

Take, for one example, its offering of free European flights for two at 240,000 miles. If you flew one round trip of four minimum segments per week—a lot of traveling—it would still take you *120* weeks, more than two years, to earn two unrestricted coach tickets. There must be better ways to apply 240,000 miles to frequent flier awards programs.

All the figures given here have been checked with the airlines, but as you may have already learned yourself, you don't necessarily get the same information from airlines with each call or airline representative. Therefore, I'm interested in hearing about your own experiences and comments concerning frequent flier programs. Just write to me in care of *Sales & Marketing Management*, 633 Third Ave., New York, N.Y. 10017.

Next month: A look at how award values sometimes change for *very* frequent fliers, and some tips on ways to earn extra mileage *and* avoid the red tape that seems to come with frequent flier mileage redemption. We'll also discuss some interesting airline rules that can wipe out your mileage before you have a chance to use it. □

Gerald A. Michaelson is a Knoxville, Tenn.-based frequent business traveler who speaks on sales and marketing.

How Airline Awards Compare

AIRLINE	MINIMUM MILES PER SEGMENT	—NEEDED FOR COACH TICKETS FOR TWO— DOMESTIC	HAWAII	EUROPE
Alaska	500	30,000B	60,000B	60,000B
American	500	40,000B	60,000B	80,000R
		80,000U	120,000U	240,000U
AmWest	750	40,000B	60,000B	120,000R
Continental	500	35,000X	45,000X	55,000X
		50,000B	80,000B	80,000B
Delta	1,000	60,000U	70,000B	110,000R
Northwest	750	40,000B	60,000B	60,000B
		60,000U	120,000U	120,000U
TWA	750	40,000B	60,000B	60,000R
				90,000B
United*	500	40,000B	60,000B	80,000R
		80,000U	120,000U	160,000B
USAir	750	40,000X		100,000R
		60,000B		

* All mileage comparisons are for United's current program. Points earned under United's previous program can be transferred to their new one.

Note: B: Blackouts (can't fly on holidays); R: Restricted (can fly only at certain times); U: Unrestricted (may be capacity-controlled); X: Very restricted (flight options are severely restricted).

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THE PC EVOLUTION: DESKTOP...LAPTOP... PALMTOP...? TOP

A new breed of smaller, lighter, more dexterous laptops is helping eliminate a lot of the standard objections to PCs. In fact, there's even a machine for salespeople who hate to type.

BY THAYER C. TAYLOR, SENIOR EDITOR

At long last, portable really *means* portable, as far as sales and marketing applications for PCs are concerned. A number of new "smaller-than-laptop" units now offer more power, greater ease of use, and greater flexibility to companies seeking to boost sales productivity, improve the effectiveness of sales calls, shorten the sales cycle, streamline communications between field salespeople and the home office, and provide the sales rep with easier access to a variety of data.

This new wave of subcompact computers currently encompasses three basic types: 1) *notebook* laptops, which have the functionality of a desktop PC but weigh only 5 to 7 pounds and fit easily into a briefcase; 2) *pen-based* computers, which eliminate the salesperson's biggest bane, the keyboard; and 3) *pocket* or *palmtop* computers, which weigh about a pound and fit in the hand or a jacket pocket.

The trend in downsizing that these units represent is merely a continuation of what has been happening to PCs in general since the early 1980s, with units getting smaller, more powerful, and less expensive. Specifically, however, it's tumbling prices that have made these new technologies even more attractive for marketers investing in sales force automation.

HI-TECH HISTORY

On the PC evolutionary scale, notebooks appeared first (they debuted in late 1988, followed by pen-based models in early 1990 and pocket-sized units late last year) and have subsequently been rocked by the price wars that inevitably follow any technological advancement in the PC industry.

Andrew Seybold, associate director of microcomputer systems service at Dataquest, a San Jose, Cal., market research firm, suggests that "notebook laptops are now a commodity product," noting that it was only last October that Compaq announced a notebook laptop priced at $6,499. Then AST offered the same basic product at 6 pounds for less than $3,000. At Comdex/Fall 90 (the PC industry's annual convention/exposition, held in November), among the 20 to 30 new notebook products that appeared, the Taiwanese announced products in the $2,100 to $2,200 price range. "All of a sudden," says Seybold, "there was a standard 8½" x 11", 5- to 7-pound 386SX product available that is definitely clonable."

Currently, notebooks fall into two broad price categories, depending on the microprocessor chip being used. According to the latest buying guide published by *Portable Office* magazine, older, 286-based machines (which still dominate the market) range from around $1,900 (Austin Computer Systems' 6-lb. Austin 286-12) to just over $4,000 (Texas Instruments' 6.7-lb. Travelmate LT286/12), while models using the newer 386 chip range from just under

VICTOR JUHASZ

$2,700 (Austin Computer Systems' 6-lb. Austin 386/SX) to $5,499 (Texas Instruments' 5.7-lb. Travelmate 3000).

Pen-based and pocket computers, however, still carry price premiums. That's because their niches are still dominated by single companies—Tandy Corp.'s GRiD Systems, whose pen-based GRiDPad retails for $2,370, and Poqet, Sunnyvale, Cal., whose hand-held Poqet PC costs $1,995. But as more entrant emerge in all three market segments, and as production runs ramp up, downward pressure on prices will intensify.

System developers who specialize in computerized sales systems—such as DataOne, Moline, Ill.; Envoy Systems, Waltham, Mass.; Sales Technologies, Atlanta; and the Hugh Carver Group, Plainsboro, N.J.—all report significant numbers of clients either installing or conducting feasibility studies on notebook-type portables. Pen-based models are attracting a high degree of interest, they add, but interest in hand-held or palmtop machines is still rare.

Corporate moves into sales force automation have helped make notebooks the PC industry's hottest product, witnessed by the fact that they're expected to account for half of all laptop sales over the next few years. In fact, according to DataOne CEO Ron Glassner, notebooks should replace larger laptops as the computer of choice for most sales applications—except for those applications calling for extra card slots for peripherals. Actually, this trend is already well under way. Shipments of IBM-compatible note-

books jumped a whopping 566% to 280,000 units in 1990, according to Mark Lewis, an analyst at International Data Corp., a Framingham, Mass., market researcher, and will almost double again to 535,000 units this year, despite lackluster sales by the PC industry as a whole.

THE RIGHT SIZE FOR SALES

Somewhat ironically, the notebooks don't enable sales reps to do anything with a computer that they couldn't do before. The biggest difference is the new microprocessor chips (which do what several components used to do), smaller disk drives, and thinner display screens—all of which allow salespeople to perform the same functions using a smaller, lighter package.

Notebook units are being used in presentations by salespeople in the insurance industry, for instance, to illustrate different scenarios for changes in policy value. And, according to Ron Glassner, salespeople for the big oil companies regularly use notebooks to record and update changes in spot oil prices. As Thomas Martin, vice president of marketing for Toshiba America Information Systems in Irvine, Cal., puts it: "Because the notebook is so portable, in most cases there's no reason *not* to have it wherever you go."

The smaller footprint (the standard notebook measures 8½" x 11" x ½" is as important as the lighter weight in fostering greater usage among salespeople. "Previously, a laptop was an extra piece of luggage the salesperson had to struggle with in an airport," says Don Plumley, president of SalesSolutions, Irvine, Cal. "Now that it fits easily into a briefcase, there's one less piece of luggage to worry about."

"If the salesperson can put a six-pound machine into a briefcase," adds Jeffrey Howard, industry sales manager for Envoy Systems, "he's more likely to take it with him and use it more frequently."

Notebook vendors are engaging in furious one-upmanship to differentiate their portables from those of competitors and are thus helping to bring a slew of improvements to the genre—in particular, the 386 processor and VGA (video graphics array) standard screen. For example, Compaq scored a victory over rivals late last year when it incorporated the 386SX chip and VGA into its LTE 386s/Model 20 ($6,499, 30MB hard disk) and Model 30 ($6,999, 60MB hard disk).

A month later, however, Toshiba countered with its powerful notebook, the T200SX, the first portable to depart from the industry's standard nickel cadmium (NiCad) battery and incorporate nickel hybrid battery technology. According to Toshiba marketing vice president Tom Martin, the new battery—when compared to NiCad types—offers a 22% improvement in power capacity per unit weight, recharges in half the time, doesn't suffer a decrease in maximum charge after repeated recharging, and is lighter overall. As a result, the T200SX's 6.9 pounds is a half-pound lighter than Compaq's LTE 386s, as well as $1,000 cheaper. However, its footprint, at 10" x 12", is bigger than Compaq's 8½" x 11".

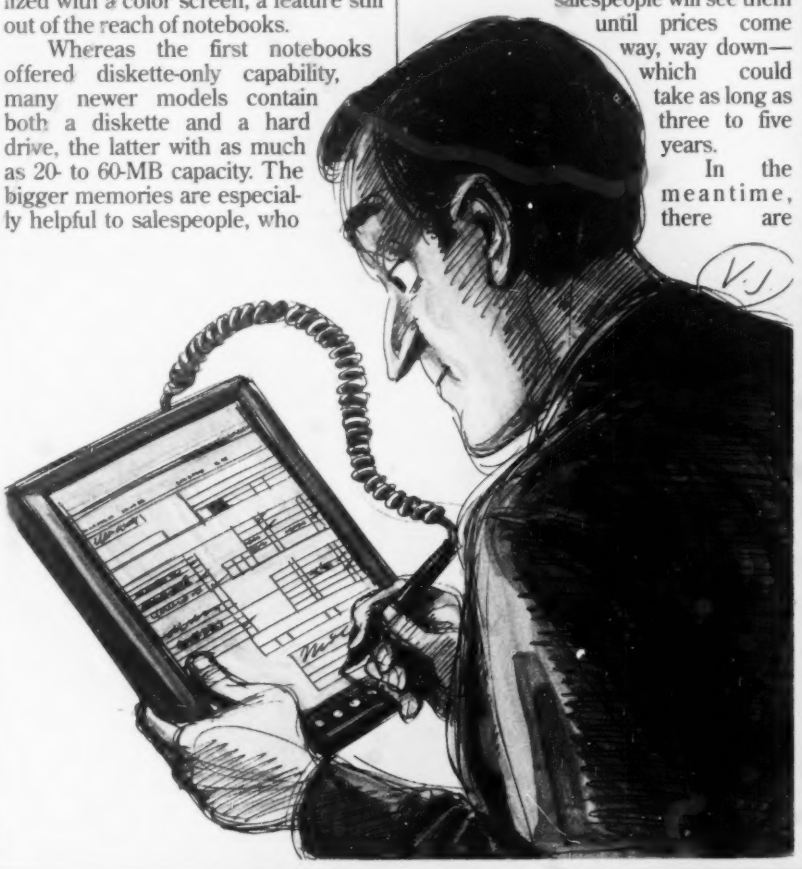
Use of Intel's 386SX chip and VGA, which has 640 x 480 pixels, has become standard for high-end notebooks because they enable the machines to handle a broad range of business computing tasks. Paul Proulx, vice president of engineering for Envoy Systems, notes that the combination of 386SX and VGA allows Microsoft's Windows 3.0 software to run on notebooks: "That will bring a lot more applications to the user." However, it's worth noting that Windows is best utilized with a color screen, a feature still out of the reach of notebooks.

Whereas the first notebooks offered diskette-only capability, many newer models contain both a diskette and a hard drive, the latter with as much as 20- to 60-MB capacity. The bigger memories are especially helpful to salespeople, who regularly require more storage capacity for extensive data and product information.

Despite this impressive array of improvements, however, notebooks are still hobbled by the linchpin of their portability—the power source. The battery in a notebook laptop is good for three hours at most, takes too long to recharge, and suffers a reduction in peak power with each recharge. With no technological breakthrough in sight (in spite of the improvements claimed for Toshiba's new battery), notebook makers are scrambling to develop features that will cut down on battery drain. The new 5.75-lb. Travelmate 3000 by Texas Instruments, for example, boasts sleep-mode features that turn the hard disk off and slow the CPU to half-speed when the notebook is idle. Prices: $5,499 for the 20MB hard disk version, $5,999 for the 40MB version.

Next to longer battery life, the use of color is high on users' wish lists, especially for what it can offer to sales presentations. Both Toshiba and Sharp Electronics unveiled color portables at Comdex/Fall 90, but with price tags nudging $10,000, there's little chance salespeople will see them until prices come way, way down—which could take as long as three to five years.

In the meantime, there are



some who claim that more powerful notebooks represent overkill in the sales arena because reps don't *need* all the capabilities of a full-function laptop. Richard Brock, for example, who is chairman of Brock Control Systems, a sales software developer in Atlanta, notes one viable alternative: the portable data terminal.

Brock markets a system that includes, in addition to his own software, the Walkabout/SX—a battery-powered portable data terminal made by Data General of Westboro, Mass.—and the 4-lb. Canon BJ-10e bubble-jet printer made by Canon USA in Lake Success, N.Y. Brock's software is installed on a host computer and the sales rep accesses it with a Walkabout via a phone line. "If the rep wants a customer record," Brock explains, "a menu shows up on the screen, the rep hits a key, and the record appears. After each sales call, the rep again calls up the customer record and updates it. The rep gets the benefits of a computer without worrying about making backup copies or hitting the wrong key and destroying a file."

The package price for such a system ranges from $1,500 to $4,500 per user, with a three-user minimum. Still, while the Walkabout unit may serve a sales rep's communications need, its considerable heft (almost 14 pounds) is one more reason why notebooks have become No. 1 on the hi-tech hit parade.

THE MIGHTY PEN

"I don't want to become a typist" is perhaps the most oft-heard complaint when talk turns to sales force automation. Now, with some of the new pen-based computers, that complaint may no longer be valid.

GRiD Systems, a Tandy Corp. subsidiary, ushered in this new leading edge of PC technology about a year ago with its GRiDPad, a 4.4-lb. hand-held computer that uses a tethered pen stylus instead of a keyboard. The pen is used to select options by touching or directly writing on a screen. GRiD's president, Allan Lefkof, believes that by eliminating the keyboard, pen-based hand-helds will attract a whole class of users who up to now have shied away from computers altogether. The computer, or "electronic clipboard," as Lefkof calls it, has a 5" x 8½" screen, a four- to eight-hour battery life, and because it's IBM-PC compatible, can transmit information to a branch office or headquarters computer.

Although it lacks the storage capacity, speed, and flexibility required for full-blown applications, the keyboardless GRiDPad has research firms trotting out glowing forecasts—including one that suggests the genre could capture 20% of the portable PC market by mid-1992.

In the sales arena, Peter Teige, senior analyst at InfoCorp, a Cupertino, Cal., research firm, says, "Applications that make sense [for pen-based computers] include any hand-filled-out form, freehand drawing, personal organizers, spreadsheet manipulation, and brief notes and memos. Applications where pen-based computing doesn't make sense include text entry or word processing, general business, building spreadsheets, statistics, and point-of-sale."

Pen-based laptops are seen as an ideal mobile unit for those situations where a conventional laptop can't be used because it has to rest on something, such as a desk, in order for the user to work the keyboard. Thus, the initial use by salespeople of pen-based units, which Vern Raburn, CEO of Slate Corp., a provider of software for pen-based computers, refers to as "one-hand" or "stand-up" computing, will focus primarily on tracking and information-gathering activities in retail stores and warehouses. The implication here is that if the pen interface catches on, salespeople will be asked to tackle more market research tasks.

Best Foods Baking Group, one of the early adopters of the GRiDPad, has its route salespeople use the tablet to track deliveries of baked goods to supermarkets. The company reportedly hopes to reap $1.5 million a year from reduced returns of stale goods, better cash flow, and fewer billing errors.

Modatech, a Vancouver, British Columbia, developer of sales software, is now designing a multifunction pen-based information system for one of its clients that sell through retail stores. "Their salespeople have the responsibility for in-store merchandising of the product, as well as collecting information on shelf facings," explains Derek Schwartz, executive vice president of Modatech.

"Because they couldn't use a laptop while standing in front of a shelf display, they relied on clipboards. Substituting a pen-based computer for the clipboard not only means less pain for users—and less resistance because they don't have to learn how to use a keyboard—but also adds a tremendous amount of functionality to their work. They'll use the pen-based units to check off information on a preformatted form, write in numbers, and add comments on what they observe about competitor activities."

Salespeople at Marion Merrell Dow, Kansas City, tote a GRiDPad instead of drug samples when calling on their doctor clients. In a break with industry tradition, the salespeople have doctors sign electronic forms to order samples. Motivating the company is the Food and Drug Administration regulation requiring greater accountability

for samples given to physicians and hospitals and fines for the failure to do so.

However, pen-based computing suffers from the fact that handwriting recognition is still a primitive art where computers are concerned. Currently, the pen-based user has to write in very careful block letters, since the computer can't yet decipher the standard salesperson's scrawl.

"In view of the handwriting problem," says Gartner Group's Leslie Fiering, "the pen is easier to use when you have a preformatted page, because that solves the problem of where the input fields should be. I believe most users today are taking that route."

Opinions tend to differ on how fast the handwriting-recognition hurdle will be overcome; some think it may prove too daunting a task. As one participant in the Comdex/Fall 90 panel put it: "Since a lot of people can't recognize their *own* handwriting, why should we think that a computer will be able to?"

Some feel that even if the handwriting and other problems are licked, pen-based computing will still be best for niche applications. Don Plumley, for one, doesn't think it's feasible for major account selling in business-to-business marketing: "GRiDPad's limited storage just can't handle the volume of data a salesperson relies on for customer profiles and forecasts."

Furthermore, despite the ease of writing vs. keying in text and numbers, it's doubtful that salespeople will write reports or lengthy memos by hand, since they can usually be done faster with a keyboard. However, as a new report from Market Intelligence Research Co., a Mountain View, Cal., research firm, notes, "For editing or making changes in files once they're created, the pen is ideal."

This year should see considerable progress in making the electronic stylus more usable, which will in turn help drive prices downward, if only for the simple reason that competition in the market will heat up substantially. Although GRiD has the market pretty much to itself at this point, two smaller firms are already marketing rival versions: Data Entry Systems, a small Huntsville, Ala., start-up, sells ScriptWriter ($1,595); and Linus Technologies, Reston, Va., has Write-Top ($2,800-$3,600), a 9-lb. tablet with 640KB of memory. GRiD's dominance will also be challenged as a lineup of heavy hitters readies a plunge into the pen-based market.

NCR Corp., Dayton, Ohio, shows signs of being the first big name to go head to head with GRiD. At Comdex/Fall 90, the company previewed a 6-lb. stylus system it's developing for corporate accounts in conjunction with Communications Intelligence Corp. of Menlo Park, Cal., a developer of handwriting recognition software. A template that has writing space for entering handwritten data is surrounded by squares that correspond to standard keyboard functions, such as a cursor and control and numeric keys, that the user touches to execute a command.

IN THE PALM OF YOUR HAND

For those sales reps who think even a 4.5-lb. pen-based computer or a 5- to 7-lb. notebook is too much to heft, there's yet another option to consider: the pocket-size 1.1-lb. palmtop ($1,995) by Poqet. Measuring 8 3/4" x 4 1/2" x 1", the Poqet has a 6 3/4" x 2 1/4" screen that shows the usual 25 lines and 80 columns, and the company claims it will run for 100 hours on two AA batteries. In addition, the hand-held uses MS-DOS, making it possible to use standard software programs.

Although hand-helds marketed by the likes of Telxon, MSI Data, and Norand have been around for some time, they've been hobbled by the fact that, for the most part, their keyboards are fairly complex, their screens are too small to display standard business forms, and they rely on proprietary software. And in spite of the fact that Poqet uncorked some unusual firsts in this particular niche, it has had only limited success in getting around those roadblocks.

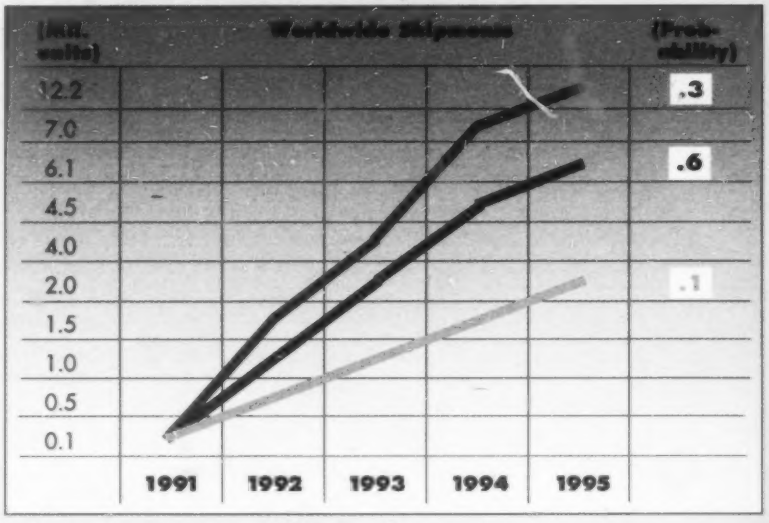
As Bruce Stephens, director of PC hardware research for International Data Corp., stresses, "Portables are always a market of trade-offs. The Poqet is for the highly mobile user who needs a very lightweight product and wants to pull it out at any time." Stephens notes that while pocket com-

Where Sales Will Soar

For Laptop, Notebook, and Pocket Types...

U.S. MARKET	1989	1990	1994
Laptop	767,000	1,100,000	1,900,000
Notebook	69,000	311,000	3,900,000
Hand-held	34,000	159,000	3,200,000

...and for Pen-Based Computers



NOTE: Three projections are offered for pen-based computer sales. The higher the number, the greater the probability.

SOURCE: Dataquest and the Gartner Group.

puter technology is in its infancy, "it will develop and become more attractive over time. At this point, however, Poqet's price is simply too high."

This computer's diminutive design owes much to an innovative memory: Space-hungry disk drives have been replaced by credit card-size memory cards that fit into two slots. The slots accommodate both 512K RAM (random access memory) for storing programs or data and preprogrammed 640K ROM (read-only memory) cards for applications. However, the cards price out at a cool $500 each vs. $10 or so for floppies.

That Poqet sees sales forces as a primary target market is underscored by the fact that one of the first ROM cards it's bundling is Act!, the contact management software marketed by Contact Software, Irving, Texas. Indeed, the company reports that, based on returned warranty cards, salespeople are among the top three Act!-user categories.

Despite lingering screen and price problems, this hasn't stopped some early devotees from giving the Poqet to salespeople. Warner Brothers International, Burbank, Cal., for example, is equipping its 200-member international sales force with Poqets, according to William Kotter, director of international data processing. Salespeople use a 6-oz., $345 modem Poqet provides to dial a host computer at Burbank headquarters, downloading all the information they need for a particular sales call.

Like GRiD, Poqet faces only limited competition in the recently reborn hand-held market. Atari sells a scaled-down $399 pocket computer that runs for 48 hours, the company claims, on three AA batteries. However, its tiny keys and 8-line screen will likely require a hard sell to salespeople who are used to 25-line displays.

Another competitor is the British PC-maker, Psion Ltd., which claims to be the world's largest seller of hand-helds. The company is attempting to establish a beachhead in the United States with a line of eight such models. Among the marketing ploys used by Antony Revis, president of Watertown Conn.-based U.S. operations, to edge into the market is an Executive Hand-Held Computer Kit that consists of a notebook-sized leather case (10" x 7" x 1¾") that, when opened, holds an IBM-compatible Psion Model LZ hand-held and applications software on one side, and a binder for a personal diary or calendar on the other. The price: a mere $720, although you have to settle for a

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tiny four-line screen and limited memory (32K RAM and 64K ROM). However, all Psion hand-helds use a solid-state, built-in drive for mass off-line storage.

One of Revis's first sales was to Liberty Mutual, which equipped each of its salespeople with a two-line Psion hand-held, customized software, and a portable printer that fits onto the top of the computer. The salespeople now enter the relevant variables into their hand-helds, call up information on the screen, and print out quotations or estimates on the spot.

In the future, the hand-held arena is likely to see more use of so-called "electronic organizers," such as the Sharp Wizard and Casio Boss, for sales purposes. Despite the fact that their computing functionality is limited, they do lend themselves fairly well to specialized applications.

Pepsi Cola, for one, is testing the Wizard with its field marketing people. In this case, a rep goes into a store to check on shelf stock, calls up a table that shows the store's inventory of various Pepsi products the previous week (and what Pepsi has delivered since then), and uses the information to calculate the store's sell-through. The rep can then spot trends and make recommendations to the store manager on how to optimize the sell-through.

A FEAST OF CHOICES

For all the remarkable advances that the makers of downsize laptops rhapsodize about, portables are still far from being a technological grail. Primarily, laptops are notorious for having breakdown rates far higher than those of desktops, and the price for repairing them tends to go up in direct proportion to the complexity of the technology involved.

In any event, the fact that these three types of PCs will continue to evolve and be refined means that corporate policies that dictate the selection of a standard laptop for use by the entire sales force will have to be altered. Tomorrow's sales force will likely be equipped with an array of laptops, each sales rep opting for the machine best suited for the task at hand.

As Ralph Linsalata, Envoy Systems' president, observes: "A sales organization isn't a monolithic force. You have to tailor the devices to the different skill levels of individual sales reps." With all the various applications and niches involved, it's a safe bet that marketers will have a rich menu of options to choose from. □

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THE SENIOR MARKET: REWRITING THE DEMOGRAPHICS AND DEFINITIONS

No matter how you define and label them, America's mature population always finds a way of defying the common marketing wisdom.

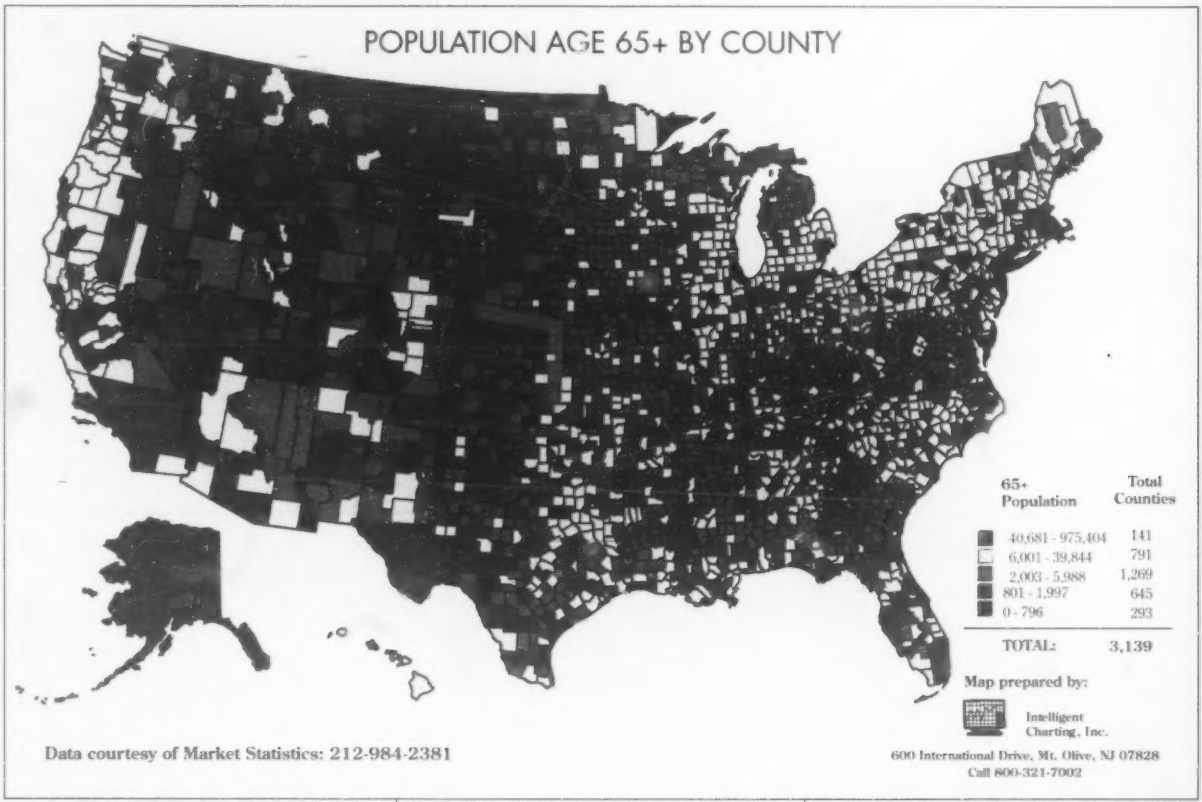
IMAGE BANK/WALTER BIBIKOW

BY MELISSA CAMPANELLI, ASSOCIATE EDITOR

After over 50 years in the work force, Al Jones retired from his sales job at a life insurance company in Illinois. He's now living comfortably in a two-bedroom condominium in southern Florida with his wife Betty, a homemaker.

Their three grown children visit often with the grandkids, and Betty particularly loves to lavish the little ones with gifts. She also loves to garden and is thinking about getting a part-time job at the local library—something she always wanted to do but never got around to.

Although Al loves doing handy work, right now he's busy working with his financial planner to arrange for some overseas trips in the near future. He certainly has the resources; he sold his Cook County home last year for $200,000 and this money, combined with $35,000 a year in retirement funds and Social Security benefits, has him pretty well-off. Once the $600-a-month mortgage for his condo is paid off, Al should be able to invest regularly in



mutual funds, as well as take his wife on tours of Asia and the Fiji Islands.

When Cara Siegal's father died last year, she decided to build a small "in-law" apartment over the garage attached to her home in a Minnesota suburb for her mother Janice to live in.

After looking into various nursing homes and retirement communities, Cara and Janice realized that the apartment would probably be the most cost-effective option. After all, it would cost $50,000—and Janice was able to pay for some of it with equity from her previous home and with help from Cara and Cara's husband.

Meanwhile, Janice lives on her husband's fixed pension—which went down to about $10,000 per year after he died—and Social Security benefits. While some of this money goes toward her medical expenses (Janice suffers from diabetes and, unfortunately, Medicare only helps with a small amount) and necessities, she likes to treat her daughter and son-in-law to dinners at local restaurants from time to time, and is actively involved with her community church.

These fictional scenarios show two aspects of a growing and multi-faceted mature market—the over 31 million people in America today who are over 65 years of age.

The Joneses, for example, typify the younger end of the just-retired 65- to 74-year-old group. According to the U.S. Census Bureau, there are some 18,373,000 people in this group right now, comprising 7% of the total U.S. population. By the year 2000, however, the number of new retirees is expected to drop by 2%, due to the decline in the birth rate experienced during the Great Depression.

Janice Siegal, on the other hand, represents the older portion of this age group—the long-since-retired—the 75- to 84-year-olds and 85-plus groups. These two segments number 9,933,000 and 2,065,000 respectively, totaling almost 5% of the U.S. population. Despite the modest percentages these groups represent, however, they're expected to grow significantly in the coming decade. The 75- to 84-year-old group, for instance, will see a 21% increase in its size and will eventually number over 21 million people. The 85-plus group, on the other hand, will increase by an astounding 124%.

In all, the Census Bureau projects that by the year 2030 one out of every five people living in the U.S. will be 65 or older.

Obviously, the 65-plus group—the "senior" market, as many experts prefer to call it—will be a force to be reckoned with in the coming decades. According to Judith Langer, president of Langer and Assoc., a New York City-based market research firm specializing in the senior market, "The sixty-five-plus group has been overlooked by marketers through the years. Many assumed this age group was filled with people who were sick, feeble, and closed to new ideas. On the contrary: Most members of the sixty-five-plus group are nothing like this depiction, and it's vital that marketers pay attention and at least understand this if they want to be successful in the future."

SENIOR SETTLEMENTS

According to data from S&MM's *1990 Survey of Buying Power*, although the elderly population is spread out across the country, the greatest concentrations are found in various metro areas throughout the Sunshine State—Florida, that is.

Not surprisingly, in the West Palm Beach-Boca Raton-Delray Beach, Fla., metro area, the 65-plus population accounts for over 25% of the entire population. With great weather, many retirement communities, and a hearty interest in the mature set, the area has been successful in attracting this growing group for many years. ►

Some areas, in fact, have gone out of their way to make themselves attractive to seniors. According to Dennis Grady, executive director of the West Palm Beach Chamber of Commerce, "Three years ago, the Chamber established a Senior Development Committee, which is committed to promoting products and services that might be interesting and helpful to older consumers. We also try to assist members of the community in such things as searching for part-time work and financial information."

Marketers might be interested to know that not all metros with a high 65-plus population are in Florida. In fact, many "rust belt" cities in the Northeast and Midwest also have high concentrations of seniors. Scranton-Wilkes Barre, Pa., for instance, ranks fifth in the top 100 metros in 65-plus population, with this group making up fully 17.4% of the entire metro population.

The reason for this, according to Austin Burke, president of the Scranton-Wilkes Barre Chamber of Commerce, is twofold. "About twenty-five years ago, the economy in this area was declining; therefore, many young people left to start careers elsewhere. Their parents, however, already settled in their careers, stayed put, and this has contributed to the high older population. Secondly, their children have now reached retirement age, and noticing the quality of life here and the relatively low cost of living, many seem to be coming back."

As a result, the Scranton-Wilkes Barre area has become a leader in a concept known as "congregate housing." This type of living arrangement allows the elderly the freedom to live alone in small apartments, yet supplies health care services and many other amenities available within the complex should they need them.

Other non-Florida metros worth noting for the growth of this population segment are Monmouth-Ocean, N.J.; Providence-Pawtucket-Woonsocket, R.I.; and Pittsburgh, Pa. Each of these areas has 65-plus populations that comprise over 15% of their populations, compared to a 12.6% national average for the age group as a whole.

POCKET MONEY

An obvious difference between Al and Betty Jones and Janice Siegal in the scenarios above is their relative income level—another all-important variable that marketers targeting this particular age group should keep in mind.

According to our data, the average Effective Buying Income (EBI) of households headed by persons 65 or older is about $17,000, compared to an average of about $36,000 for the U.S. population as a whole. In other words, household income for the 65-plus group is less than half that of the national average. However, that ratio is changing as the senior population grows, and there are a number of reasons why this is so.

According to the U.S. Social Security Administration, income of persons 65 and older is broken out in the following ways: Social Security - 38%; Assets - 26%; Earnings - 17%; Pensions - 16%; and Other Income - 3%. Income levels of the current senior population suffer mainly from the fact that many received relatively poor pension and medical benefits when compared with those who will face retirement in the coming decades.

Also, economists predict that, in the future, earnings and property income will take up a larger share of the income of this market, providing greater returns than Social Security, as well as more independence and security.

In addition, a growing number of seniors are still working—or going back to work part time—another factor that will contribute to rising income figures. Some 2 million senior men and 1.3 million senior women are presently working either full- or part-time. Between 1960 and 1987, the percentage of men 65 and older working part-time increased from 30% to 47%, and

Retirement Hotels?

Marriott and Hyatt—through their long association with the hotel and restaurant industry—have tapped into the growing mature market by developing and marketing senior living communities.

Realizing that they had experience in several essential components vital to the "senior living industry," the Washington, D.C.-based Marriott Corp. began actively targeting seniors aged 75 and over with annual incomes of more than $20,000 in 1984. Through its Stratford Courts, the company offers full-service, independent living communities for seniors. In addition, its Brighton Gardens facilities offer catered, non-independent living units and licensed nursing-home care.

According to Marriott spokesman Richard Sneed, "We're able to develop and plan new retirement communities through our real-estate division, and because of our hospitality experience, we're able to meet property-maintenance and food-service needs." Health care—a vital part of any elderly living community—is taken care of through contracts with health care providers that offer on-site services.

Stratford Courts are residential in design, with the majority located in Florida, Illinois, and California. Each development contains about 235 independent, one-, two-, or three-bedroom apartments and a 60-bed nursing center.

Brighton Gardens, the "catered" living communities, are similar in design but smaller in scale; they contain 100 "assisted-living" apartments and a 30-bed nursing facility. Brighton Gardens communities are currently located in Arizona, New Jersey, and Ohio.

Both types of developments (there are now a total of 13, with plans for 150 by the year 2000) include such amenities as housekeeping and linen services, regularly scheduled public transportation, planned social and recreational activities, and 24-hour security and emergency call service. Rental fees for both developments—including housing, meals, and services—range from $1,200 to $2,800 per month.

In targeting this group, Sneed says that Marriott "basically utilizes local daily newspapers and radio, with a big portion of our budget going toward direct mail. We try to appeal to both seniors and their adult children as well." Also, in conjunction with the Army Retirement Residence Foundation (ARRF), Marriott recently began targeting retired

army officers and their wives for a flagship retirement community just outside Washington, D.C.

Hyatt Corp., Chicago, Ill., entered the senior living market in 1989 with their Classic Residence by Hyatt division, whose purpose is to develop and/or manage retirement communities for seniors 65 years old and up with annual incomes of $35,000 or more.

Each of the six communities—in Nevada, Texas, New Jersey, California, Maryland, and Illinois—contains one- and two-bedroom luxury apartments and has amenities such as community areas with private dining and club rooms, personal care centers, weekly housekeeping and linen services, and long-term care insurance programs. Depending on location and apartment size, monthly rental, service, and dining fees are about $1,200 to $4,000.

According to Tracey Lux, Hyatt's national director of marketing and sales, "[Hyatt] felt senior residence communities would be a natural market for us to enter. After all, we were aware of the demographic age shift, and hotels and senior living communities are both part of the hospitality industry."

There are differences between senior residence communities and hotels, however. For instance, when dealing with seniors interested in residence communities, Hyatt takes a programmatic approach. "We're in the business of keeping people satisfied on an ongoing basis for the rest of their lives," says Lux. "Therefore, instead of a hotel, Classic Residence by Hyatt is run in a way more aligned with a country club."

Hyatt uses some interesting techniques to target this upper-income senior segment. For example, cards advertising their Classic Residences are placed on guests' pillows in each Hyatt hotel every evening. Also, newspaper ads target older consumers' children in urban areas of Illinois, Maryland, and New Jersey, while the mature population is addressed directly in ads that run in Texas, Nevada, and California papers. Another specifically targeted segment: professionals such as doctors and clergy, since these people might have an influence on mature consumers. Members of this group are presented with promotions when they stay at Hyatt hotels and are also encouraged to visit residential communities through community outreach seminars.

that number is expected to go even higher.

Even that $17,000 figure for *today's* seniors is nothing to sneer at. Although it may seem low when compared to income for other age groups, the 65-plus group contains households with less people and fewer financial obligations. For example, 75% of those 65 and older own their own homes, with 84% of the homes owned free and clear.

What this means is that seniors have a significant amount of discretionary income. In fact, the 65-plus group has a higher amount of per-capita discretionary income ($5,633) than any other age group, their aggregate total spendable discretionary income being $26.1 *billion* dollars.

WHEELCHAIRS VS. TEDDY BEARS

The Joneses and Janice Siegal will also differ in the types of products and services they purchase—due to their financial situations as well as the age difference. While Betty Jones might spend extra cash on gifts for her grandchildren, Janice Siegal probably won't have that luxury; she's probably spending a higher proportion of her income on things like long-term care insurance and prescription drugs.

Despite these differences, however, there are some things marketers can count on senior consumers to create a uniform demand for. Along with other experts, Jeff Ostroff, vice president of the Plymouth Meeting, Pa.-based Data Group, Inc. and director of its PrimeLife marketing division, suggests that the 65-plus group spends more money on certain specific items than do other age groups, and that, as a result, these industries should grow at a healthy clip in the future.

For example, the mature market is very interested in home-based products and services—things that make their lives easier, more enjoyable, and more controlled, especially if they're living alone or have become ill. Products such as TVs, VCRs, housekeeping and landscaping services, and—especially for the older end of this age group—emergency response systems, will be more popular than ever in the coming decades.

Health care is an important niche as well, and home-based products and services such as wheelchairs, hospital-type beds, and adult day care or nursing-home care will grow steadily. In fact, according to a study by the New York-based research firm Find/SVP, the home-care services market is expected to reach $16 billion by 1995 as a result of the growing 65-plus population; this group accounted for 30% of total medical expenditures in 1987. Also included in this category are prescription and over-the-counter drugs, and foods that are low in cholesterol, sugar, salt, and calories. And since many of these products are supported by government programs, marketers should monitor Medicare and long-term care legislation closely in the next few years.

Of course, not everyone in this burgeoning group is the stay-at-home type; there are also a growing number of mature people with both time *and* money on their hands who'll spend it on leisure-based products and services like educational seminars, sporting goods, travel, and the like.

As a result, many hotel chains and airlines are providing discounts and specials aimed at this market. For a $35 annual membership in its "Senior Honors Program," for example, Hilton Hotels offers travelers 60 years old and up 25% to 50% discounts on room rates and dining, and Southwest Airlines offers low, less-restricted fares to seniors. In addition, many packages are also available for seniors going on getaway weekends to tourist meccas like Atlantic City, Williamsburg, Va., and Las Vegas.

Weed USA of Columbus, Ohio, is another company very much aware of the opportunities the growing senior market offers. In the early 1980s, they developed jumbo-faced tennis rackets and positioned them mainly to the 65-plus segment of the population. This

Making Your Ads Age-Resistant

Despite its stand against advertising that dwells on the negative aspects of aging, the American Assn. of Retired Persons (AARP), which publishes *Modern Maturity* magazine, recognizes that many seniors do in fact suffer from some natural aging processes that might affect their receptivity to advertising. By the age of 65, for instance, virtually everyone will suffer some visual loss—the ability to focus, resolve images, discern colors, and adapt to light—as well as some loss in the ability to hear clearly. As a result of these realities, AARP has put together a booklet of guidelines that should be followed when marketing to the senior set:

- **Since contrast is the first element to sight—and the greater the contrast, the easier an image is to discern—it's important to use sharply contrasting colors when preparing any printed materials. Black and white or red and white, for example, as opposed to red and pink, are more visually appealing to older consumers.**
- **Because of the yellowing of the eye, it's often easier for older persons to discriminate among reds, oranges, and yellows than among blues, greens, and purples. Keep away from this latter group when preparing printed materials—especially bar graphs and drawings where understanding is contingent upon distinguishing between colors.**
- **Ornate typefaces, italics, and overly stylish lettering are often difficult for mature consumers to read. Stick to plain typefaces instead. Also, AARP recommends that larger point sizes be used in any type that's included.**
- **Be sure that copy flows continuously and that images follow a coherent sequence. This type of layout makes fewer demands on the visual ability of the reader.**
- **When creating television or radio commercials, keep background noises to a minimum and be sure dialogue and narration is spoken in a clear, modulated tone, at a lower range than usual, and at a natural speed—not too slow or too fast.**

For more information or for a copy of the booklet, contact AARP at 1909 K Street N.W., Washington, D.C. 20049.

marketing foresight earned the company almost $250,000 last year, due in large part to a 17% increase in senior tennis players in the past five years.

Financial matters are another concern of the elderly, and products like mutual funds, CDs, or low-risk stocks and bonds, among other investment options, will be important senior purchases. The Hartford, Conn.-based Travelers Life Insurance Co., for one, offers a complete Mature Market Division specializing in retirement plans and long-term care insurance.

Seniors also have a penchant for philanthropy—giving back what they have gotten throughout their lives. Therefore, much of their discretionary income goes to charity—primarily churches and political and educational organizations. Another target of many seniors' largesse is their grandchildren. A recent study of 400 grandparents (23% were over the age of 69) by the Data Group found that about $819 was spent per household on grandchildren in 1989.

Although the mature market is wildly diverse with many different interests and ideas about how to spend its money, Jim Thompson, manager of consumer affairs at the American Assn. of Retired Persons (AARP) in Washington, D.C., (which expects to have 33 million members by 1993), sums it up nicely when he says, "While younger people want things to acquire and then build on, and middle-aged people want to be catered to, the most important thing for the older person is an individual or personal experience that can be developed and shared."

REACHING THE MATURE MARKET

Identifying the senior market is one thing, but selling to it may be something else again. The biggest trick in marketing to seniors, most experts agree, is in *not* mentioning their age.

New York financier and political adviser Bernard Baruch's comment that, "To me, old age is always fifteen years older than I am," best sums up the prevailing attitude, and it's worth noting that Baruch was 85 years old when he made that remark. In fact, most members of the senior market—including both Al and Betty Jones and Janice Siegal—really consider themselves to be 10 to 15 years *younger* than their chronological age; consequently, they expect to be pictured and spoken to this way in advertising campaigns. They are, after all, active, involved people.

Many ads aimed at the senior market miss the mark when it comes to this. So many marketers miss the point, in fact, that *Modern Maturity* magazine has mounted a crusade to educate them about how to represent older people in a more positive light. Their Advertising Standards Department has established specific guidelines advertisers should follow if they're thinking about advertising in the magazine, which goes to AARP members. For instance, any ads that lump older persons into one category—especially those ads characterizing older persons as sick and confused—aren't accepted.

Likewise, ads for such products as hernia belts and wheelchairs aren't permitted. The AARP feels that these items contribute to negative stereotypes; also, their purchase requires much more knowledge and understanding than can be learned strictly through advertising. (However, since such products are frequently sold based on a trusted doctor's or nurse's recommendation, it's a good idea for marketers to keep medical trade publications in mind when selecting advertising space.)

Marketers eyeing the 65-plus market should also take a look at the younger 45- to 65-year-old age group when planning their strategies. According to Data Group's Jeff Ostroff, "In the coming years, the distribution channel, especially for products in the health care industry, will be older family members—sons and daughters in their forties, fifties, and sixties." Basically, says Ostroff, they'll be the ones making purchasing decisions on such products and services as adult day care and long-term care insurance for their aging parents.

In most other areas, however, the

65-plus group still makes purchasing decisions pretty much for themselves—though they may go about it a little differently than younger consumers.

Seniors usually like to gather as much information as they can about a particular product or service so they can read up on it before actually making a purchasing decision. They also appreciate ads that are clear and to the point, and prefer discounts and promotions that emphasize value.

Direct response programs seem to be popular with seniors as well—as long as they include things like toll-free numbers, trained service people ready and able to answer questions, and a positive image of the product and the senior purchaser. In fact, the AARP has just established a workshop on "How to Train Your Customer Service Personnel to Deal with Older People."

Metros with the Highest Median Age

RANK	METRO	MEDIAN AGE
1.	Sarasota, FL	51.1
2.	Bradenton, FL	45.7
3.	Fort Myers-Cape Coral, FL	43.1
4.	Daytona Beach, FL	42.2
5.	West Palm Beach-Boca Raton-Delray Beach, FL	42.1
6.	Fort Lauderdale-Hollywood-Pompano Beach, FL	41.1
7.	Tampa-St. Petersburg-Clearwater, FL	40.9
8.	Naples, FL	40.5
9.	Fort Pierce, FL	39.9
10.	Ocala, FL	38.7
11.	Miami-Hialeah, FL	37.7
12.	Scranton-Wilkes-Barre, PA	37.5
13.	Melbourne-Titusville-Palm Bay, FL	37.4
14.	Atlantic City, NJ	37.1
15.	Bergen-Passaic, NJ	36.8
16.	Cumberland, MD	36.6
16.	Reading, PA	36.6
17.	Monmouth-Ocean, NJ	36.4
17.	Pittsburgh, PA	36.4
18.	Bridgeport-Stamford-Norwalk-Danbury, CT	36.3
19.	Asheville, NC	36.0
20.	Sherman-Denison, TX	36.0
21.	Allentown-Bethlehem-Easton, PA	35.9
21.	Pittsfield, MA	35.9
21.	San Francisco, CA	35.9
22.	Beaver County, PA	35.8
23.	Altoona, PA	35.7
24.	New York, NY	35.5
25.	Burlington, NC	35.4
25.	Lakeland-Winter Haven, FL	35.4
25.	Sharon, PA	35.4

SOURCE: Sales & Marketing Management; *1990 Survey of Buying Power.*

Major Metros with the Highest Percentages of Population Aged 65+

RANK	METRO	POP. AGE 65+ — %	POP. AGE 65+ — TOTAL*
1.	West Palm Beach-Boca Raton-Delray Beach, FL	25.6%	222.5
2.	Fort Lauderdale-Hollywood-Pompano Beach, FL	24.0	301.7
3.	Tampa-St. Petersburg-Clearwater, FL	23.6	491.0
4.	Miami-Hialeah, FL	17.5	330.3
5.	Scranton-Wilkes-Barre, PA	17.4	128.7
6.	Monmouth-Ocean, NJ	17.3	170.6
7.	Providence-Pawtucket-Woonsocket, RI	15.3	140.6
8.	Pittsburgh, PA	15.2	319.1
9.	New York, NY	14.7	1,267.7
10.	Albany-Schenectady-Troy, NY	14.6	125.5
10.	New Bedford-Fall River-Attleboro, MA	14.6	72.9
11.	Worcester-Fitchburg-Leominster, MA	14.5	99.7
11.	Allentown-Bethlehem-Easton, PA	14.5	99.2
12.	New Haven-Waterbury-Meriden, CT	14.3	114.8
13.	Buffalo, NY	14.1	137.0
14.	San Francisco, CA	14.0	223.1
14.	Jersey City, NJ	14.0	76.1
15.	Springfield, MA	13.9	82.8
16.	Boston-Lawrence-Salem-Lowell-Brockton, MA	13.8	514.9
17.	Bergen-Passaic, NJ	13.7	177.4
18.	Riverside-San Bernardino, CA	13.5	328.5
19.	Birmingham, AL	13.2	123.6
19.	Tucson, AZ	13.2	87.8
19.	Harrisburg-Lebanon-Carlisle, PA	13.2	78.2
20.	Cleveland, OH	13.1	240.7
21.	Philadelphia, PA	13.0	643.3
21.	Phoenix, AZ	13.0	273.4
21.	Rochester, NY	13.0	124.3
22.	Youngstown-Warren, OH	12.9	65.4
23.	St. Louis, MO-IL	12.8	318.2
23.	Hartford-New Britain-Middletown-Bristol, CT	12.8	143.5
23.	Bridgeport-Stamford-Norwalk-Danbury, CT	12.8	105.5
24.	Stockton, CA	12.7	60.9
25.	Knoxville, TN	12.5	76.3

SOURCE: Sales & Marketing Management; *1990 Survey of Buying Power.*
* Figures are in thousands.

Older Americans also like to shop in a retail setting, and a recent study by Dr. George P. Moschis, a professor at the Center for Mature Consumer Studies at Georgia State Univ., revealed that older adults are loyal to stores they patronize and are likely to use any type of services those particular stores offer. Also, unlike many other age segments, they're more likely to sacrifice price for convenience.

Personal selling—at the retail level or door-to-door—often proves to be the most successful way to reach the over 65 population. According to Jeff Ostroff, "While a variety of communication channels can be used to reach the mature market, there's often nothing more effective than personal, face-to-face contact. Older persons just seem to enjoy and prefer this type of contact."

No matter how marketers go about it, one thing is certain: Companies that are either already marketing to the 65-plus population or about to enter this growing market must first understand its diversity and needs if they're to remain successful and competitive in the coming decades. □

Survey **Datafact**

FORGET THE FORGET-ME-NOT STATE

Three of the top 10 counties with the *smallest* number of people aged 65 and older are located in the United States' Last Frontier—Alaska, that is. The Bristol Bay and Aleutians East Boroughs check in with, respectively, 30 and 28 people over the age of 65; Lake and Peninsula Borough leads the list, however, with *no one* in this age group.

SOURCE: Sales & Marketing Management; *1990 Survey of Buying Power.*

BY THAYER C. TAYLOR,
SENIOR EDITOR

AT LAST—SALES & MARKETING GET SOME RESPECT

In the past, most sales departments had to outflank the information systems (IS) chiefs to put PCs in the hands of their field reps. Now that's changing, due to the high priority many companies give to automating sales.

When the Index Group, a Cambridge, Mass., management consulting firm, asked senior IS executives to rank the business processes most critical in their development of information technology (IT) applications during this past year, 394 respondents placed sales a high fourth; marketing/market research garnered eighth place. Driving the newly won recognition for sales is the effort to improve customer service as a key competitive differentiator—considered by many to be the principal marketing issue of the nineties.

Post-sale customer service, in fact, was ranked second on the IT application scale, and was topped only by the old standby, manufacturing operations. Pre-sale customer service placed sixth in the ranking.

Some 48% of the respondents in 16 industries said they'll make major IT investments in post-sale customer service functions; 43% will do the same in pre-sale service. Sales is targeted for hefty investments by 44% of respondents; marketing/market research by 34%. "In nearly every industry category," says Index Group vice president Charles V. Callan, "companies plan to spend heavily in functions and processes that are closest to the customer. This is a reflection of the rush to become customer-driven and to improve quality as defined by customers."

If IS executives are giving grudging respect to sales and marketing department needs, they show little awareness of the technologies especially relevant to salespeople. When asked to name the three new or emerging information technologies of greatest interest, only 4% cited scanner/bar-code/P-O-S and video/teleconferencing; 3%, optical disk/CD-ROM; 2%, portable/hand-held computers; and 1%, multimedia. That's because, as Index Group vice president Robert F.

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Measure of Respect: Who's Spending Money on Sales Automation

INDUSTRY	SALES	MARKETING/ MARKET RESEARCH	—CUSTOMER SERVICE— PRE-SALE	POST-SALE
Pharmaceuticals/Health	80%	50%	18%	32%
Autos/Heavy Equipment	67	25	33	50
Computers/Software	65	65	47	76
Consumer Products	64	54	41	41
Telecommunications	59	41	59	71
Insurance	58	33	61	64
Media/Entertainment	56	11	67	44
Oil/Energy	40	40	40	50
Retail/Restaurants/Wholesale	40	45	55	45
Chemicals	35	21	53	32
Banks/Financial Services	31	26	43	60
Mining/Steel	14	29	57	43
Transportation/Freight Services	9	27	36	36
Utilities	4	39	35	65
Airlines	0	60	20	40
Aerospace	0	8	18	27

SOURCE: Index Group, *Critical Issues of Information Systems Management for 1991: Fourth Annual Survey of I/S Management Issues*

have been left out of programs, but they can be one of the best ways to ensure impact and success. By making managers accountable—having them check personally to ensure that participants, having mastered each training module, are actually using their new skills in the field—you can guarantee success. Also, insist that managers monitor the participants' progress using a series of "show me" challenges.

Another tactic you might try is to use managers as coaches or "mentors" and have them conduct training both in the field and in the classroom. When thus involved, they go on to become an in-the-field "reinforcement" of what your program has instilled in its participants. (If, however, you feel that the participants may be uncomfortable in the presence of their bosses, don't invite managers to your sessions. Instead, coach them about your program and its content before the training begins so they'll be informed and involved.)

4. Involve everyone else, too. Involve as many others as you can through a special newsletter or the company's in-house magazine; after all, everybody from the receptionist to top management has something to do with selling, and, at the very least, they'll learn that selling has changed from the days when the "good old boy" network was enough to make it big—nowadays, the best you can get out of that kind of relationship is a chance to be in on the bidding.

In a nutshell, the steps for creating a successful training program are the same ones used to make a sale: prepare, establish the right atmosphere, communicate effectively, make your case, confirm your results, and follow up. □

Charles D. Brennan, Jr., is the president of Sales Development Institute, a sales and marketing training and consulting firm based in Upper Darby, Pa.

Survey **Datafact**

BLACK, WHITE, AND READ ALL OVER

The newspaper markets with the highest percentage of household coverage are Trenton, N.J., (83.8%); Scranton-Wilkes-Barre, Pa. (78.6%); Anchorage, Alaska (73.0%); Hagerstown, Md. (71.4%); and Burlington, N.C. (69.8%).

SOURCE: Sales & Marketing Management; *1990 SURVEY OF BUYING POWER-PART II.*

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Morrison notes, "IS executives are preoccupied with technologies of immediate concern to their departments rather than to the business at large. Just as sales and marketing departments adopted PCs without much help from internal IS departments, history may have to repeat itself if tomorrow's sales force is to benefit from emerging technologies."

BETTER PRODUCTIVITY, THY NAME IS LAPTOP

It's fortuitous that the remarkable technological advances making laptop computers smaller and lighter and their displays sharper (see "The PC Evolution: Desktop...Laptop...Palmtop...?Top," page 50) coincide with the corporate determination to get salespeople to spend less time in the office and more in front of prospects and customers.

To optimize the additional time spent with buyers, salespeople need greater information resources. In the past, that meant salespeople had to take piles of computer printouts into customers' or prospects' offices. The advent of laptops, however, has changed all that.

Evidence of improved sales productivity resulting from the use of laptops comes from a recent survey conducted by Arthur D. Little, the Cambridge, Mass.-based management consultant for, among others, Toshiba American Information Systems.

The key finding: "Eighty percent of portable computer users believe their systems enable them to be at least five percent more productive than if they used desktop PCs; half of them are at least twenty-five percent more productive." (The 25% improvement tallies very closely with that reported in S&MM's annual surveys on sales productivity.)

These productivity gains stem in part from "the flexibility and freedom their portables provide," according to 93% of the users, while 53% "believe they finish projects more quickly than they would on a desktop." This isn't a haphazard supposition, since, according to Gilbert H. Hoxie and Jennifer Horner, principal consultants for the study, "all of the portable computer respondents had prior or current experience with desktops."

Because portables can be toted anywhere, it's not surprising that they're used more intensively than desktops, which require a wall outlet. For example, the report says three-fourths of portable users make use of software productivity features—style sheets, macros and graphics for word processing applications, macros and graphics for spreadsheets—compared to less than half of desktop users. Similarly, portable users integrate the machines more broadly in their work, using an average of almost six applications vs. close to four implemented by desktop users.

On the downside, while 20% of each group recalled instances when work had to be set aside because of lack of access to a PC, portable users reported delays almost twice as often as their desktop counterparts. The report explains that "this may be the result of portable users being more sensitized to the potential of using a PC anywhere, thus perceiving lost opportunities more frequently." Although the report doesn't say so, another reason for the discrepancy could be the notoriously higher breakdown rate laptops suffer vs. desktops.

Of course, any discussion of productivity gains inevitably leads to the question of how productivity is measured. Hoxie and Horner admit to "the difficulties of establishing meaningful measures and standards for productivity in the managerial/professional work environment." As they put it, "By what measures can their productivity be gauged: Memos per hour? Number of people managed? Decisions per day? Hours worked?"

In the end, it's still a subjective measurement. "Most companies work on the assumption that managers and professionals are self-managing and adopt behavior and tools that optimize their chances of achieving success," says the report. "By observing how these people use their computers and what productivity value they place on [them], we can observe whether these uses 'make sense' and whether they support the individual's claim of increased productivity."

While the authors contend that "it seems clear that portable PCs and higher productivity are linked and that portables are valued as productivity aids," they also stress that "the causal relationship remains debatable. Careful observers could reach any of several conclusions."

Their own belief is that "productive people recognize that portables are more convenient to use, and they take advantage of that. Hence, the productivity advantage is in both the person and the machine." □